



GAIL FARBER, Director

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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September 01, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

38 September 1, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

BUS STOP SHELTER PROGRAM LICENSE AGREEMENT 63885 – AMENDMENT 10 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

This action is to amend Agreement 63885 with Clear Channel Outdoor, Inc., for the County of Los Angeles Bus Stop Shelter Program to extend the duration of the agreement for up to 36 months to complete the development of a new advertising Bus Stop Shelter Program.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the County Bus Stop Shelter Program is categorically exempt from the provisions of the California Environmental Quality Act.
2. Approve continuation of the County Bus Stop Shelter Program utilizing Clear Channel Outdoor, Inc., to operate and maintain the advertising bus stop shelters in various locations of the unincorporated County.
3. Approve amending the agreement with Clear Channel Outdoor, Inc., located in Los Angeles, California, for the County Bus Stop Shelter Program to enable this agreement to continue for a term of 2 years starting September 11, 2015, and thereafter on a month-to-month basis for up to 12 months for a maximum term of 36 months.
4. Authorize the Director of Public Works or her designee to execute an amendment to extend the term of the contract with Clear Channel Outdoor, Inc., and to execute amendments to incorporate necessary changes to the scope of work within the agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to extend the term of the agreement with Clear Channel Outdoor, Inc., for the Bus Stop Shelter Program. This amendment in a form approved by County Counsel will enable Clear Channel Outdoor, Inc., to continue operating and maintaining the existing advertising bus stop shelters and the County to continue receiving revenue from this agreement while Public Works selects new bus shelter designs and as evaluates alternatives to modernize the advertising program.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provisions of Operational Effectiveness/Fiscal Sustainability (Goal 1) and Integrated Services Delivery (Goal 3) by providing bus stop shelters and a comfortable waiting area for bus patrons at no cost to the County and receiving a share of advertising revenue.

FISCAL IMPACT/FINANCING

There will be no impact on the County General Fund.

Clear Channel Outdoor, Inc., performs maintenance and operation of advertising bus stop shelters at various locations throughout the unincorporated County at no cost to the County. The County annually receives 15 percent of the gross advertising revenue less agency sales commission with a guaranteed annual minimum payment of \$100,000. Since the bus stop shelters are located in the road right of way, the revenue is deposited in the Road Fund. The revenue will be used to administer the program and for other Road Fund eligible expenditures.

In 2014, Clear Channel Outdoor, Inc., was required to pay the County a possessory interest tax of 1.22 percent of the assessed value of the bus stop shelters. The possessory interest tax for 2014 was \$4,847. Clear Channel Outdoor, Inc., will continue to accrue applicable possessory interest taxes for the monthly extension. These tax receipts will be deposited in the County General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The amendment will continue the contract's current terms, specifications, and conditions for up to 36 months. The Director of Public Works or her designee, in accordance with the Board's authorization and upon approval as to form by County Counsel, will execute the amendment.

On March 15, 1983, the Board approved a program to install bus stop shelters at various locations throughout the unincorporated County. On June 19, 1990, the Board authorized the Director of Public Works to negotiate and arrange for a license agreement with Metro Display Advertising, Inc., d.b.a. Bus Stop Shelters of California, Inc., to install and maintain approximately 280 bus stop shelters in unincorporated County. The Board approved the 10-year Agreement 63885 on September 10, 1990. On January 23, 1998, Eller Media, Inc., acquired Metro Display Advertising, Inc. On October 19, 1999, the Board approved Amendment 1 to the agreement authorizing the installation of up to an additional 500 shelters and modified the revenue to be paid by Eller Media, Inc., to be the greater of \$100,000 per year or 15 percent of the gross advertising revenues less agency commission. On October 25, 1999, the County and Eller Media, Inc., both agreed to implement a 5-year extension of the agreement effective September 12, 2000. On July 1, 2001,

Eller Media, Inc., changed its operating name to Clear Channel Outdoor, Inc. On September 6, 2005, August 29, 2006, and August 7, 2007, the Board approved Amendments 2, 3, and 4, respectively. Each provided for a 12-month continuation of the agreement on a month-to-month basis while Public Works attempted to solicit a replacement vendor or licensee to provide for the program.

On May 1, 2008, Public Works issued a Request for Proposals (RFP) to maintain and replace all existing advertising bus stop shelters. The one proposal received was disqualified due to nonresponsiveness. On August 12, 2008, the Board approved Amendment 5 to the agreement with Clear Channel Outdoor, Inc., to extend the contract terms on a month-to-month basis for 30 months from September 11, 2008, to March 10, 2011. The 30-month period was to provide the necessary time for Public Works to resolicit the program, select a successor licensee, and provide a transition period for Clear Channel Outdoor, Inc., to remove its advertising bus stop shelters with minimal impact to the public prior to the installation of shelters by the new licensee.

On August 12, 2008, Public Works issued another RFP to maintain and replace the existing advertising bus stop shelters. Public Works received one proposal that was responsive and responsible. The proposer was Clear Channel Outdoor, Inc., but on November 18, 2008, they notified Public Works they were unable to carry out the terms of their proposal but would be able to continue performing the services under the current contract. The program requires a significant capital investment by the licensee that is paid for by advertising revenue and the economy negatively impacted the amount of advertising revenue that could be generated. On March 3, 2009, the Board approved the rejection of all proposals.

On June 29, 2010, the Board approved Amendment 6 to the agreement that provided for a 24-month continuation of the agreement through March 10, 2013, while Public Works evaluated the program and waited for more favorable economic conditions to prevail in the advertising business to support solicitation for a successor licensee of this program.

On November 28, 2012, Public Works issued a new RFP to solicit proposals to maintain and replace the existing advertising bus stop shelters. The deadline to submit the proposals was January 3, 2013. Clear Channel Outdoor, Inc., one of the two potential bidders requested a 5-week extension to the submittal deadline. On March 5, 2013, the Board approved Amendment 7 to the agreement to extend the current contract on a month-to-month basis for up to 6 months to September 10, 2013, to allow enough time to evaluate the proposals and award a new contract before the expiration of the current licensee agreement. Despite the submittal deadline extension, neither Clear Channel Outdoor, Inc., nor other potential bidders responded to the RFP.

On September 10, 2013, the Board approved Amendment 8 to the agreement to extend the current contract on a month-to-month basis for another 24 months to September 10, 2015. On August 27, 2014, the Board approved Amendment 9 to the agreement transferring ownership of the bus stop shelters to the County upon termination of the agreement.

Public Works seeks to extend the current contract for 2 years with an additional 12 months on a month-to-month basis for a period of up to 36 months to allow Public Works to select new bus shelter designs and evaluate alternatives to modernize the advertising program.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are categorically exempt from the California Environmental Quality Act pursuant to Section 15301(b) of the California Environmental Quality Act Guidelines and Class 1(t) of the Environmental Reporting Procedures and Guidelines adopted by the Board on November 17, 1987. This exemption provides for the repair and maintenance of existing facilities.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This amendment to the agreement will enable Clear Channel Outdoor, Inc., to continue maintaining and operating all advertising bus stop shelters installed in accordance with the agreement.

CONCLUSION

Please return one adopted copy of this letter to the Department of Public Works, Programs Development Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:JTW:og

c: Assessor
Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office
Treasurer and Tax Collector